

AMENDED IN ASSEMBLY APRIL 13, 2010

AMENDED IN ASSEMBLY APRIL 5, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2132**

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**Introduced by Assembly Member Carter**

February 18, 2010

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*An act to amend Sections 25620.2, 25620.15, 25740.5, 25742, 25744, and 25751 of the Public Resources Code, and to amend Section 399.8 of the Public Utilities Code, relating to energy, and making an appropriation therefor to energy. An act to amend Section 25744 of the Public Resources Code, relating to energy, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2132, as amended, Carter. Energy: renewable energy resources and energy improvements.

~~(1) Under~~

*Under* the Public Utilities Act, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations. Existing law requires the PUC, until January 1, 2012, to require Pacific Gas and Electric Company, San Diego Gas and Electric, and Southern California Edison to identify a separate electrical rate component to fund programs that enhance system reliability and provide in-state benefits. This rate component is a nonbypassable element of local distribution and collected on the basis of usage. Existing PUC resolutions refer to the nonbypassable rate component as a “public goods charge.” The public goods charge moneys are collected to support cost-effective energy efficiency and conservation activities, public

interest research and development not adequately provided by competitive and regulated markets, and renewable energy resources. The moneys collected by the public goods charge for renewable energy are required to be transferred to the State Energy Resources Conservation and Development Commission (Energy Commission), for deposit in the Renewable Resource Trust Fund, for use for the renewable energy resources program. Some of the money in the fund, and in the accounts in the fund, is continuously appropriated to the Energy Commission for specified purposes related to renewable energy resources. The moneys collected by the public goods charge for public interest research and development are required to be transferred to the Energy Commission, for deposit in the Public Interest Research, Development, and Demonstration Fund, for use for specified purposes, including the public interest energy research, demonstration, and development program.

~~This bill would extend the collection of the public goods charge to January 1, 2017. Because a violation of the Public Utilities Act is a crime, this bill would impose a state-mandated local program. The *This* bill would extend to January 1, 2017, the period in which revenues generated from the public goods charge would be deposited into the Renewable Resource Trust Fund and would additionally authorize the use of those revenues generated from the public goods charge for energy improvements in existing buildings built prior to July 1, 1978, thereby making an appropriation. The bill would also extend to January 1, 2017, the period in which revenue generated from the public goods charge would be deposited into the Public Interest Research, Development, and Demonstration Fund.~~

~~This bill would result in a change in state taxes for the purposes of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of  $\frac{2}{3}$  of the membership of each house of the Legislature.~~

~~(2) Existing law requires, until January 1, 2012, the Energy Commission to adopt regulations implementing the public interest research, demonstration, and development program and proscribe procedures for the adoption of those regulations.~~

~~This bill would extend this requirement to January 1, 2017.~~

~~(3) Existing law establishes the Emerging Renewable Resources Account in the Renewable Resource Trust Fund.~~

~~This bill would rename that account the Emerging Renewable Resources and Existing Building Efficiency Account.~~

~~(4) This bill would make conforming changes.~~

~~(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.

State-mandated local program: *yes-no*.

*The people of the State of California do enact as follows:*

1 SECTION 1. ~~Section 25620.2 of the Public Resources Code~~  
2 ~~is amended to read:~~

3 ~~25620.2. (a) To ensure the efficient implementation and~~  
4 ~~administration of the Public Interest Research, Development, and~~  
5 ~~Demonstration Program, the commission shall do both of the~~  
6 ~~following:~~

7 ~~(1) Develop procedures for the solicitation of award applications~~  
8 ~~for project or program funding, and to ensure efficient program~~  
9 ~~management.~~

10 ~~(2) Evaluate and select programs and projects, based on merit,~~  
11 ~~that will be funded under the program.~~

12 ~~(b) The commission shall adopt regulations to implement the~~  
13 ~~program, in accordance with the following procedures:~~

14 ~~(1) Prepare a preliminary text of the proposed regulation and~~  
15 ~~provide a copy of the preliminary text to any person requesting a~~  
16 ~~copy.~~

17 ~~(2) Provide public notice of the proposed regulation to any~~  
18 ~~person who has requested notice of the regulations prepared by~~  
19 ~~the commission. The notice shall contain all of the following:~~

20 ~~(A) A clear overview explaining the proposed regulation.~~

21 ~~(B) Instructions on how to obtain a copy of the proposed~~  
22 ~~regulations.~~

23 ~~(C) A statement that if a public hearing is not scheduled for the~~  
24 ~~purpose of reviewing a proposed regulation, any person may~~  
25 ~~request, not later than 15 days prior to the close of the written~~  
26 ~~comment period, a public hearing conducted in accordance with~~  
27 ~~commission procedures.~~

28 ~~(3) Accept written public comments for 30 calendar days after~~  
29 ~~providing the notice required in paragraph (2).~~

- 1     ~~(4) Certify that all written comments were read and considered~~  
2 ~~by the commission.~~
- 3     ~~(5) Place all written comments in a record that includes copies~~  
4 ~~of any written factual support used in developing the proposed~~  
5 ~~regulation, including written reports and copies of any transcripts~~  
6 ~~or minutes in connection with any public hearings on the adoption~~  
7 ~~of the regulation. The record shall be open to public inspection~~  
8 ~~and available to the courts.~~
- 9     ~~(6) Provide public notice of any substantial revision of the~~  
10 ~~proposed regulation at least 15 days prior to the expiration of the~~  
11 ~~deadline for public comments and comment period using the~~  
12 ~~procedures provided in paragraph (2).~~
- 13     ~~(7) Conduct public hearings, if a hearing is requested by an~~  
14 ~~interested party, that shall be conducted in accordance with~~  
15 ~~commission procedures.~~
- 16     ~~(8) Adopt any proposed regulation at a regularly scheduled and~~  
17 ~~noticed meeting of the commission. The regulation shall become~~  
18 ~~effective immediately unless otherwise provided by the~~  
19 ~~commission.~~
- 20     ~~(9) Publish any adopted regulation in a manner that makes copies~~  
21 ~~of the regulation easily available to the public. Any adopted~~  
22 ~~regulation shall also be made available on the Internet. The~~  
23 ~~commission shall transmit a copy of an adopted regulation to the~~  
24 ~~Office of Administrative Law for publication, or, if the commission~~  
25 ~~determines that printing the regulation is impractical, an appropriate~~  
26 ~~reference as to where a copy of the regulation may be obtained.~~
- 27     ~~(10) Notwithstanding any other provision of law, this~~  
28 ~~subdivision provides an interim exception from the requirements~~  
29 ~~of Chapter 3.5 (commencing with Section 11340) of Part 1 of~~  
30 ~~Division 3 of Title 2 of the Government Code for regulations~~  
31 ~~required to implement Sections 25620.1 and 25620.2 that are~~  
32 ~~adopted under the procedures specified in this subdivision.~~
- 33     ~~(11) This subdivision shall become inoperative on January 1,~~  
34 ~~2017, unless a later enacted statute deletes or extends that date.~~  
35 ~~However, after January 1, 2017, the commission is not required~~  
36 ~~to repeat any procedural step in adopting a regulation that has been~~  
37 ~~completed before January 1, 2017, using the procedures specified~~  
38 ~~in this subdivision.~~
- 39     ~~SEC. 2. Section 25620.15 of the Public Resources Code is~~  
40 ~~amended to read:~~

1 25620.15.— (a) In order to ensure that prudent investments in  
2 research, development, and demonstration of energy efficient  
3 technologies continue to produce substantial economic,  
4 environmental, public health, and reliability benefits, it is the policy  
5 of the state and the intent of the Legislature that funds made  
6 available, upon appropriation, for energy related public interest  
7 research, development, and demonstration programs shall be used  
8 to advance science or technology that is not adequately provided  
9 by competitive and regulated markets.

10 (b) Notwithstanding any other provision of law, money collected  
11 for public interest research, development, and demonstration  
12 pursuant to Section 399.8 of the Public Utilities Code shall be  
13 transferred to the Public Interest Research, Development, and  
14 Demonstration Fund. Money collected between January 1, 2007,  
15 and January 1, 2017, shall be used for the purposes specified in  
16 this chapter.

17 (c) In lieu of the Public Utilities Commission retaining funds  
18 authorized pursuant to Section 381 of the Public Utilities Code for  
19 investments made by electrical corporations in public interest  
20 research, development, and demonstration projects for transmission  
21 and distribution functions, up to 10 percent of the funds transferred  
22 to the commission pursuant to subdivision (b) shall be awarded to  
23 electrical corporations for public interest research, development,  
24 and demonstration projects for transmission and distribution  
25 functions consistent with the policies and subject to the  
26 requirements of this chapter.

27 SEC. 3. Section 25740.5 of the Public Resources Code is  
28 amended to read:

29 25740.5.— (a) The commission shall optimize public investment  
30 and ensure that the most cost-effective and efficient investments  
31 in renewable energy resources are vigorously pursued.

32 (b) The commission's long-term goal shall be a fully competitive  
33 and self-sustaining supply of electricity generated from renewable  
34 sources.

35 (c) The program objective shall be to increase, in the near term,  
36 the quantity of California's electricity generated by in-state  
37 renewable electricity generation facilities, while protecting system  
38 reliability, fostering resource diversity, and obtaining the greatest  
39 environmental benefits for California residents.

1 ~~(d) An additional objective of the program shall be to identify~~  
2 ~~and support emerging renewable technologies in distributed~~  
3 ~~generation applications that have the greatest near-term commercial~~  
4 ~~promise and that merit targeted assistance.~~

5 ~~(e) The Legislature recommends allocations among all of the~~  
6 ~~following:~~

7 ~~(1) Rebates, buydowns, or equivalent incentives for emerging~~  
8 ~~renewable technologies.~~

9 ~~(2) Customer education.~~

10 ~~(3) Production incentives for reducing fuel costs, that are~~  
11 ~~confirmed to the satisfaction of the commission, at solid fuel~~  
12 ~~biomass energy facilities in order to provide demonstrable~~  
13 ~~environmental and public benefits, including improved air quality.~~

14 ~~(4) Solar thermal generating resources that enhance the~~  
15 ~~environmental value or reliability of the electrical system and that~~  
16 ~~require financial assistance to remain economically viable, as~~  
17 ~~determined by the commission. The commission may require~~  
18 ~~financial disclosure from applicants for purposes of this paragraph.~~

19 ~~(5) Specified fuel cell technologies, if the commission makes~~  
20 ~~all of the following findings:~~

21 ~~(A) The specified technologies have similar or better air~~  
22 ~~pollutant characteristics than renewable technologies in the report~~  
23 ~~made pursuant to Section 25748.~~

24 ~~(B) The specified technologies require financial assistance to~~  
25 ~~become commercially viable by reference to wholesale generation~~  
26 ~~prices.~~

27 ~~(C) The specified technologies could contribute significantly~~  
28 ~~to the infrastructure development or other innovation required to~~  
29 ~~meet the long-term objective of a self-sustaining, competitive~~  
30 ~~supply of electricity generated from renewable sources.~~

31 ~~(6) Existing wind-generating resources, if the commission finds~~  
32 ~~that the existing wind-generating resources are a cost-effective~~  
33 ~~source of reliable energy and environmental benefits compared~~  
34 ~~with other in-state renewable electricity generation facilities, and~~  
35 ~~that the existing wind-generating resources require financial~~  
36 ~~assistance to remain economically viable. The commission may~~  
37 ~~require financial disclosure from applicants for the purposes of~~  
38 ~~this paragraph.~~

39 ~~(f) Notwithstanding any other provision of law, moneys~~  
40 ~~collected for renewable energy pursuant to Article 15 (commencing~~

1 with Section 399) of Chapter 2.3 of Part 1 of Division 1 of the  
2 Public Utilities Code shall be transferred to the Renewable  
3 Resource Trust Fund. Moneys collected between January 1, 2007,  
4 and January 1, 2017, shall be used for the purposes specified in  
5 this chapter.

6 ~~SEC. 4. Section 25742 of the Public Resources Code is~~  
7 ~~amended to read:~~

8 ~~25742. (a) Twenty percent of the funds collected pursuant to~~  
9 ~~the renewable energy public goods charge shall be used for~~  
10 ~~programs that are designed to achieve fully competitive and~~  
11 ~~self-sustaining existing in-state renewable electricity generation~~  
12 ~~facilities, and to secure for the state the environmental, economic,~~  
13 ~~and reliability benefits that continued operation of those facilities~~  
14 ~~will provide during the 2007–2016 investment cycle. Eligibility~~  
15 ~~for production incentives under this section shall be limited to~~  
16 ~~those technologies found eligible for funds by the commission~~  
17 ~~pursuant to paragraphs (3), (4), and (6) of subdivision (e) of Section~~  
18 ~~25740.5.~~

19 ~~(b) Any funds used to support in-state renewable electricity~~  
20 ~~generation facilities pursuant to this section shall be expended in~~  
21 ~~accordance with the provisions of this chapter.~~

22 ~~(c) Facilities that are eligible to receive funding pursuant to this~~  
23 ~~section shall be registered in accordance with criteria developed~~  
24 ~~by the commission and those facilities shall not receive payments~~  
25 ~~for any electricity produced that has any of the following~~  
26 ~~characteristics:~~

27 ~~(1) Is sold at monthly average rates equal to, or greater than,~~  
28 ~~the applicable target price, as determined by the commission.~~

29 ~~(2) Is used onsite.~~

30 ~~(d) (1) Existing facilities generating electricity from biomass~~  
31 ~~energy shall be eligible for funding and otherwise considered an~~  
32 ~~in-state renewable electricity generation facility only if they report~~  
33 ~~to the commission the types and quantities of biomass fuels used.~~

34 ~~(2) The commission shall report the types and quantities of~~  
35 ~~biomass fuels used by each facility to the Legislature in the reports~~  
36 ~~prepared pursuant to Section 25748.~~

37 ~~(e) Each existing facility seeking an award pursuant to this~~  
38 ~~section shall be evaluated by the commission to determine the~~  
39 ~~amount of the funds being sought, the cumulative amount of funds~~  
40 ~~the facility has received previously from the commission and other~~

1 state sources, the value of any past and current federal or state tax  
2 credits, the facility's contract price for energy and capacity, the  
3 prices received by similar facilities, the market value of the facility,  
4 and the likelihood that the award will make the facility competitive  
5 and self-sustaining within the 2007–2016 investment cycle. The  
6 commission shall use this evaluation to determine the value of an  
7 award to the public relative to other renewable energy investment  
8 alternatives. The commission shall compile its findings and report  
9 them to the Legislature in the reports prepared pursuant to Section  
10 25748.

11 ~~SEC. 5.~~

12 *SECTION 1.* Section 25744 of the Public Resources Code is  
13 amended to read:

14 25744. (a) Seventy-nine percent of the money collected  
15 pursuant to the renewable energy public goods charge shall be  
16 used for a multiyear, consumer-based program to foster the  
17 development of emerging renewable technologies in distributed  
18 generation applications and energy efficiency improvements in  
19 existing buildings built before January 1, 1978.

20 (b) Any funds used for emerging technologies pursuant to this  
21 section shall be expended in accordance with this chapter, subject  
22 to all of the following requirements:

23 (1) Funding for emerging technologies shall be provided through  
24 a competitive, market-based process that is in place for a period  
25 of not less than five years, and is structured to allow eligible  
26 emerging technology manufacturers and suppliers to anticipate  
27 and plan for increased sale and installation volumes over the life  
28 of the program.

29 (2) The program shall provide monetary rebates, buydowns, or  
30 equivalent incentives, subject to paragraphs (3) and (4), to  
31 purchasers, lessees, lessors, or sellers of eligible electricity  
32 generating systems. Incentives shall benefit the end-use consumer  
33 of renewable generation by directly and exclusively reducing the  
34 purchase or lease cost of the eligible system and cost-effective  
35 energy efficiency improvements or applications, or the cost of  
36 electricity produced by the eligible system. Incentives shall be  
37 issued on the basis of the rated electrical generating capacity of  
38 the system or energy efficiency application measured in watts, or  
39 the amount of electricity production of the system, measured in  
40 kilowatthours. Incentives shall be limited to a maximum percentage

1 of the system price, as determined by the commission. The  
2 commission may establish different incentive levels for systems  
3 based on technology type and system size, and may provide  
4 different incentive levels for systems used in conjunction with  
5 energy-efficiency measures.

6 (3) Eligible distributed emerging technologies are fuel cell  
7 technologies that utilize renewable fuels, including fuel cell  
8 technologies with an emission profile equivalent or better than the  
9 State Air Resources Board 2007 standard, and that serve as backup  
10 generation for emergency, safety, or telecommunications systems.  
11 Eligible renewable fuels may include wind turbines of not more  
12 than 50 kilowatts rated electrical generating capacity per customer  
13 site and other distributed renewable emerging technologies that  
14 meet the emerging technology eligibility criteria established by  
15 the commission and are not eligible for rebates, buydowns, or  
16 similar incentives from any other commission or Public Utilities  
17 Commission program. Eligible electricity generating systems are  
18 intended primarily to offset part or all of the consumer's own  
19 electricity demand, including systems that are used as backup  
20 power for emergency, safety, or telecommunications, and shall  
21 not be owned by local publicly owned electric utilities, nor be  
22 located at a customer site that is not receiving distribution service  
23 from an electrical corporation that is subject to the renewable  
24 energy public goods charge and contributing funds to support  
25 programs under this chapter. All eligible electricity generating  
26 system components shall be new and unused, shall not have been  
27 previously placed in service in any other location or for any other  
28 application, and shall have a warranty of not less than five years  
29 to protect against defects and undue degradation of electrical  
30 generation output. Systems and their fuel resources shall be located  
31 on the same premises of the end-use consumer where the  
32 consumer's own electricity demand is located, and all eligible  
33 electricity generating systems shall be connected to the utility grid,  
34 unless the system purpose is for backup generation used in  
35 emergency, safety, or telecommunications in California. The  
36 commission may require eligible electricity generating systems to  
37 have meters in place to monitor and measure a system's  
38 performance and generation. Only systems that will be operated  
39 in compliance with applicable law and the rules of the Public  
40 Utilities Commission shall be eligible for funding.

1 (4) Eligible energy efficiency investments include those that  
 2 reduce energy consumption in residential and commercial buildings  
 3 built before July 1, 1978, including multifamily housing units.  
 4 Funds spent on energy efficiency shall be proven to be cost  
 5 effective and benefits shall be fairly allocated among building  
 6 owners and renters, as applicable, as determined by the  
 7 commission.

8 (5) The commission shall limit the amount of funds available  
 9 for a system or project of multiple systems and reduce the level  
 10 of funding for a system or project of multiple systems that has  
 11 received, or may be eligible to receive, any government or utility  
 12 funds, incentives, or credit.

13 (6) In awarding funding, the commission may provide preference  
 14 to systems that provide tangible demonstrable benefits to  
 15 communities with a plurality of minority or low-income  
 16 populations.

17 (7) In awarding funding, the commission shall develop and  
 18 implement eligibility criteria and a system that provides preference  
 19 to systems based upon system performance, taking into account  
 20 factors, including shading, insulation levels, and installation  
 21 orientation.

22 (8) At least once annually, the commission shall publish and  
 23 make available to the public the balance of funds available for  
 24 emerging renewable energy resources for rebates, buydowns, and  
 25 other incentives for the purchase of these resources.

26 (c) Notwithstanding Section 27540.5, the commission may  
 27 expend, until December 31, 2008, up to sixty million dollars  
 28 (\$60,000,000) of the funding allocated to the Renewable Resources  
 29 Trust Fund for the program established in this section, subject to  
 30 the repayment requirements of subdivision (f) of Section 25751.

31 (d) Any funds for photovoltaic or solar thermal electric  
 32 technologies shall be awarded in compliance with Chapter 8.8  
 33 (commencing with Section 25780), and not with this section.

34 ~~SEC. 6. Section 25751 of the Public Resources Code is~~  
 35 ~~amended to read:~~

36 ~~25751. (a) The Renewable Resource Trust Fund is hereby~~  
 37 ~~created in the State Treasury.~~

38 ~~(b) The following accounts are hereby established within the~~  
 39 ~~Renewable Resource Trust Fund:~~

40 ~~(1) Existing Renewable Resources Account.~~

1 ~~(2) Emerging Renewable Resources and Existing Building~~  
2 ~~Energy Efficiency Account.~~

3 ~~(3) Renewable Resources Consumer Education Account.~~

4 ~~(e) The money in the fund may be expended, only upon~~  
5 ~~appropriation by the Legislature in the annual Budget Act, for the~~  
6 ~~following purposes:~~

7 ~~(1) The administration of this article by the state.~~

8 ~~(2) The state's expenditures associated with the accounting~~  
9 ~~system established by the commission pursuant to subdivision (b)~~  
10 ~~of Section 399.13 of the Public Utilities Code.~~

11 ~~(d) That portion of revenues collected by electrical corporations~~  
12 ~~for the benefit of in-state operation and development of existing~~  
13 ~~and new and emerging renewable resource technologies, pursuant~~  
14 ~~to Section 399.8 of the Public Utilities Code, shall be transmitted~~  
15 ~~to the commission at least quarterly for deposit in the Renewable~~  
16 ~~Resource Trust Fund pursuant to Section 25740.5. After setting~~  
17 ~~aside in the fund money that may be needed for expenditures~~  
18 ~~authorized by the annual Budget Act in accordance with~~  
19 ~~subdivision (c), the Treasurer shall immediately deposit money~~  
20 ~~received pursuant to this section into the accounts created pursuant~~  
21 ~~to subdivision (b) in proportions designated by the commission~~  
22 ~~for the current calendar year. Notwithstanding Section 13340 of~~  
23 ~~the Government Code, the money in the fund and the accounts~~  
24 ~~within the fund are hereby continuously appropriated to the~~  
25 ~~commission without regard to fiscal year for the purposes~~  
26 ~~enumerated in this chapter.~~

27 ~~(e) Upon notification by the commission, the Controller shall~~  
28 ~~pay all awards of the money in the accounts created pursuant to~~  
29 ~~subdivision (b) for purposes enumerated in this chapter. The~~  
30 ~~eligibility of each award shall be determined solely by the~~  
31 ~~commission based on the procedures it adopts under this chapter.~~  
32 ~~Based on the eligibility of each award, the commission shall also~~  
33 ~~establish the need for a multiyear commitment to any particular~~  
34 ~~award and so advise the Department of Finance. Eligible awards~~  
35 ~~submitted by the commission to the Controller shall be~~  
36 ~~accompanied by information specifying the account from which~~  
37 ~~payment should be made and the amount of each payment; a~~  
38 ~~summary description of how payment of the award furthers the~~  
39 ~~purposes enumerated in this chapter; and an accounting of future~~  
40 ~~costs associated with any award or group of awards known to the~~

1 ~~commission to represent a portion of a multiyear funding~~  
2 ~~commitment.~~

3 ~~(f) The commission may transfer funds between accounts for~~  
4 ~~cashflow purposes, provided that the balance due each account is~~  
5 ~~restored and the transfer does not adversely affect any of the~~  
6 ~~accounts.~~

7 ~~(g) The Department of Finance shall conduct an independent~~  
8 ~~audit of the Renewable Resource Trust Fund and its related~~  
9 ~~accounts annually, and provide an audit report to the Legislature~~  
10 ~~not later than March 1 of each year for which this article is~~  
11 ~~operative. The Department of Finance's report shall include~~  
12 ~~information regarding revenues, payment of awards, reserves held~~  
13 ~~for future commitments, unencumbered cash balances, and other~~  
14 ~~matters that the Director of Finance determines may be of~~  
15 ~~importance to the Legislature.~~

16 ~~SEC. 7. Section 399.8 of the Public Utilities Code is amended~~  
17 ~~to read:~~

18 ~~399.8. (a) In order to ensure that the citizens of this state~~  
19 ~~continue to receive safe, reliable, affordable, and environmentally~~  
20 ~~sustainable electric service, it is the policy of this state and the~~  
21 ~~intent of the Legislature that prudent investments in energy~~  
22 ~~efficiency, renewable energy, and research, development and~~  
23 ~~demonstration shall continue to be made.~~

24 ~~(b) (1) Every customer of an electrical corporation shall pay a~~  
25 ~~nonbypassable system benefits charge authorized pursuant to this~~  
26 ~~article. The system benefits charge shall fund energy efficiency,~~  
27 ~~renewable energy, and research, development and demonstration.~~

28 ~~(2) Local publicly owned electric utilities shall continue to~~  
29 ~~collect and administer system benefits charges pursuant to Section~~  
30 ~~385.~~

31 ~~(c) (1) The commission shall require each electrical corporation~~  
32 ~~to identify a separate rate component to collect revenues to fund~~  
33 ~~energy efficiency, renewable energy, and research, development~~  
34 ~~and demonstration programs authorized pursuant to this section~~  
35 ~~beginning January 1, 2002, and ending January 1, 2017. The rate~~  
36 ~~component shall be a nonbypassable element of the local~~  
37 ~~distribution service and collected on the basis of usage.~~

38 ~~(2) This rate component may not exceed, for any tariff schedule,~~  
39 ~~the level of the rate component that was used to recover funds~~  
40 ~~authorized pursuant to Section 381 on January 1, 2000. If the~~

1 amounts specified in paragraph (1) of subdivision (d) are not  
2 recovered fully in any year, the commission shall reset the rate  
3 component to restore the unrecovered balance, provided that the  
4 rate component may not exceed, for any tariff schedule, the level  
5 of the rate component that was used to recover funds authorized  
6 pursuant to Section 381 on January 1, 2000. Pending restoration,  
7 any annual shortfalls shall be allocated pro rata among the three  
8 funding categories in the proportions established in paragraph (1)  
9 of subdivision (d).

10 (d) The commission shall order San Diego Gas and Electric  
11 Company, Southern California Edison Company, and Pacific Gas  
12 and Electric Company to collect these funds commencing on  
13 January 1, 2002, as follows:

14 (1) Two hundred twenty-eight million dollars (\$228,000,000)  
15 per year in total for energy efficiency and conservation activities,  
16 sixty-five million five hundred thousand dollars (\$65,500,000) in  
17 total per year for renewable energy, and sixty-two million five  
18 hundred thousand dollars (\$62,500,000) in total per year for  
19 research, development and demonstration. The funds for energy  
20 efficiency and conservation activities shall continue to be allocated  
21 in proportions established for the year 2000 as set forth in  
22 paragraph (1) of subdivision (e) of Section 381.

23 (2) The amounts shall be adjusted annually at a rate equal to  
24 the lesser of the annual growth in electric commodity sales or  
25 inflation, as defined by the gross domestic product deflator.

26 (e) The commission shall ensure that each electrical corporation  
27 allocates funds transferred by the Energy Commission pursuant  
28 to subdivision (b) of Section 25743 in a manner that maximizes  
29 the economic benefit to all customer classes that funded the New  
30 Renewable Resources Account.

31 (f) The commission and the Energy Commission shall retain  
32 and continue their oversight responsibilities as set forth in Sections  
33 381 and 383, and Chapter 7.1 (commencing with Section 25620)  
34 and Chapter 8.6 (commencing with Section 25740) of Division 15  
35 of the Public Resources Code.

36 (g) An applicant for the Large Nonresidential Standard  
37 Performance Contract Program funded pursuant to paragraph (1)  
38 of subdivision (b) and an electrical corporation shall promptly  
39 attempt to resolve disputes that arise related to the program's  
40 guidelines and parameters prior to entering into a program

1 agreement. The applicant shall provide the electrical corporation  
2 with written notice of any dispute. Within 10 business days after  
3 receipt of the notice, the parties shall meet to resolve the dispute.  
4 If the dispute is not resolved within 10 business days after the date  
5 of the meeting, the electrical corporation shall notify the applicant  
6 of his or her right to file a complaint with the commission, which  
7 complaint shall describe the grounds for the complaint, injury, and  
8 relief sought. The commission shall issue its findings in response  
9 to a filed complaint within 30 business days of the date of receipt  
10 of the complaint. Prior to issuance of its findings, the commission  
11 shall provide a copy of the complaint to the electrical corporation,  
12 which shall provide a response to the complaint to the commission  
13 within five business days of the date of receipt. During the dispute  
14 period, the amount of estimated financial incentives shall be held  
15 in reserve until the dispute is resolved.

16 ~~SEC. 8. No reimbursement is required by this act pursuant to~~  
17 ~~Section 6 of Article XIII B of the California Constitution because~~  
18 ~~the only costs that may be incurred by a local agency or school~~  
19 ~~district will be incurred because this act creates a new crime or~~  
20 ~~infraction, eliminates a crime or infraction, or changes the penalty~~  
21 ~~for a crime or infraction, within the meaning of Section 17556 of~~  
22 ~~the Government Code, or changes the definition of a crime within~~  
23 ~~the meaning of Section 6 of Article XIII B of the California~~  
24 ~~Constitution.~~